



POST OFFICE BOX 597

BAXTER SPRINGS, KANSAS 66713

TELEPHONE: 316-856-2301
FAX: 316-856-2330

June 7, 2001

Acting Director
Community Development Financial Institutions Fund
U. S. Department of the Treasury
606 13 Street , NW, Suite 200 South
Washington, DC 20005

RE: New Markets Tax Credit (REG-119436-01)

Dear Sir or Madam:

In developing guidance related to the New Market Tax Credits referenced above please consider the following:

Subchapter "S" banks:

Subchapter "S" banks should be allowed to pass the credits to the individual owner's tax returns.

Churches:

Churches should be included in the definition of an eligible small business.

1.C. Section 45D(b)(1)(B)

Due to the time needed to invest the equity investments in qualified loans, to maximize the impact of the tax credits, which will provide greater economic impact to the intended communities, CDE's should have at least one (1) year to invest the original cash. Less than six (6) months is not practical. CDE's need at least sixty (60) days to market and attract the prospects and another sixty (60) days to evaluate the investment. Another sixty (60) days is needed to underwriting the investment. Legal documents are required and in the case of commercial real estate loans it takes sixty (60) days or more to obtain an appraisal of the real estate.

The CDE must:

- Attract a prospect;
- Evaluate and underwrite the investment risks;
- Document the transaction in accordance with established policy and governing laws;
- Finally, the investment transaction is closed and money disbursed.



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1.d. Re-investment

CDE's should have at least six (6) months to reinvest payments and repayment of the money originally invested over the seven (7) years for the obvious reasons stated in the above paragraph.

1.e. "Substantially all"

"Substantially all" should be reduced each year 5.0% when the original money is invested in a qualified investment because the original purpose of the legislation was achieved.

Requiring 85% to be invested over the seven (7) years is unprecedented in the tax code.

2. a. "Aggregate gross assets"

Aggregate gross assets of the CDE should include churches in the definition because of their economic impact in the community. Without churches, businesses will not invest capital in a community just like having no parks or inferior utility services.

2. c. "Grace" period

Grace periods should be at least six (6) months to cure any recapture.

6. (b) Recapture of the tax credits should only apply to the portion that failed to be invested in a qualified investment not the entire tax credit.

Please feel free to call if you have any questions or would like to discuss these issues further at (620) 856-2301.

Sincerely,

Mark Uhler
President & CEO